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File No. O.L.A. loans

Legal **DEPARTMENT**

A **BRANCH.**

Subject:—

Opinions under the

Local Authorities Loans

Act, 1914.

P3

File No. O. L.A. Loans 1941

Std. Sectt. Slip 24 B e.

434A

CONTENTS

Legal Department File No. O.L.A. Loans/41

Sr. No.	Compilation No.	Subject	pages
		Opinions under the Local Authorities Loans Act, 1914	
1.	O.No. 9333 29/10/1941	Local Authorities Loans Rules 1923- rule 7. Wehther Municipality's proposal involving changes in the loan applic ation sanctioned by Government should be published	1-2
	O.No. 8852 10/10/1941	Local Authorities Loans Rules- rule 11(2)(iv) Whether ex-post facto sanction would regularise Municipality's action in raising the balance of the loan after the expiry of the sanctioned period	3-4

MR/12/4

Office of the R.L.A.

Under rule 7 of the Bombay Local Authorities Loans Rules 1923, it is necessary to publish an application for sanction for raising of any loan by a municipality before such application is sanctioned by Government. The Municipality had in this case applied for sanction for raising a loan of Rs. 75000 and sanction was accorded by Government for raising the loan after the application made by the Municipality in this behalf was duly published as required under rule 7 of the rules. It seems that the needs of the Municipality are satisfied with a loan of Rs.31,700 only and the Municipality does not wish to raise the rest of the loan for which sanction has been given by Government. One of the conditions of which the raising of the loan of Rs.75000/- was sanctioned by Government was that the Municipality should provide for Rs. 0015 annually for payment of interest amounting to Rs.3375 and the sinking fund amounting to Rs.6540 for the amount of the loan of Rs.75,000/-. As the amount of the loan to be raised is reduced the Municipality asks for a corresponding reduction in the provision for interest charges and the sinking fund. As the necessary formalities under the rules re. the publication of the application for raising the loan are already complied with it is not necessary to publish a fresh application from the Municipality for the purpose in view. Government may sanction the request of the Municipality by issuing a G.R. in modification of G.R. G.D.No.6033-35 dated 25th October 1940 limiting the sanction of the loan to Rs.31700/- with the corresponding reduction in the interest charges and the sinking fund.

Sd/-
27/10
Remembrancer of Legal Affairs.

w.r.t. to G.D. No. 8333 dated the 20th October 1941

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Office of the R.L.A.

In sanctioning the raising of the loan by the Ahmednagar Municipality in this case, Government did no prescibe the condition referred to in rule 11(2)(iv) of the Bombay Local Authorities Loans Rules, 1923, namely that the local authority shall not without the previous approval of the Provincial Government vary the date within which the raising of the loan has been sanctioned. But a condition was prescribed that the Municipality should raise the loan within six months from the date when the sanction of Government was accorded. The Municipality has raised a portion of the loan in breach of this condition in that the period prescribed has been exceeded. It is therfore necessary that the period should be extended by Government to cure the breach. There does not appear to be any legal objection to Government according such sanction after the loan has been fully raised. But the procedure proposed to be followed by G.D. for according sanction, namely the issuing of a notification as in the draft at pp. 55-57 ante is, consequently, unnecessary. The G.R. at pp. 53-54 ante which requires the application to be published and the Commissioner, C.D., to report after the expiry of one month from the date of the notification whether any objections have been received and to forward them to Government is also unnecessary and inappropreate. All that is necessary is that Government should, for the reasons stated by the Municipality, accord sanction to the extension of the period for raising the loan by a further period of six months with effect from 27th October. The G.R. may be modified accordingly.

Sd/- 8/10
Remembrancer of Legal Affairs.

The G.R. as at pp. 53-54 ante is not suitable. It is not necessary to publish the application of the Municipality for extension of the period & the draft notification at pp. 55-57 ante —

U.R. to G.D., No 8852 dated the 10th October 1941.

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